Message Text

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PASS ENDERS

FOLLOWING REPEAT BONN 11008 ACTION SECSTATE INFO ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LISBON LUXEMBOURG OSLO OTTAWA PARIS REYKJAVIK ROME LONDON DUBLIN MOSCOW EC BRUSSELS NATO MBFR VIENNA 11 JULY.

QUOTE

CONFIDENTIAL BONN 11008

T.O. 11652: GDS TAGS: PFOR, FR, GW

SUBJECT: FURTHER ON JULY 8-9 FRANCO-GERMAN SUMMIT:

ENERGY COOPERATION

REF: BONN 10941

SUMMARY: HERMES, DIRECTOR OF ECONOMIC DIVISION OF FOREIGN OFFICE DISCOUNTED ADMINISTRATIVE MEASURES BEING TAKEN TO AFFECT FRENCH-GERMAN TRADE. MOST IMPORTANTLY HERMES REPORTED ON ENERGY COOPERATION DISCUSSIONS AND ASKED FOR INFORMATION TO BE USED IN FURTHER DISCUSSIONS WITH FRENCH. WOULD APPRECIATE ANY GUIDANCE WASHINGTON CAN GIVE. END SUMMARY

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1. FRG FONOFF ECONOMIC DIRECTOR HERMES TOLD ECONCOM

MINISTER ON JULY 9 HE HAD VERY LITTLE TO ADD TO WHAT POLITICAL DIRECTOR VAN WELL HAD TOLD MINISTER CASH ON FRANCO-GERMAN SUMMIT. HE ADDED THAT PRESS REPORTING HAD CORRECTLY REFLECTED THE CHARACTER AND PREOCCUPATIONS OF THE MEETING.

- 2. WHEN QUERIED AS TO WHAT VAN WELL MEANT IN SPEAKING OF "ADMINISTRATIVE MEASURES" TO DISCOURAGE GERMAN EXPORTS AND FRENCH IMPORTS, HERMES CONFIRMED THAT HE FOUND THIS FORMULATION EQUALLY CONFUSING. HE DID NOT THINK THERE WOULD BE ANY "ADMINISTRATIVE MEASURES" AIMED AT RESTRICTING GERMAN EXPORTS TO FRANCE OR FRENCH IMPORTS FROM THE FRG. HE THOUGHT IT SHOULD BE UNDERSTOOD RATHER AS THE INTENTION OF EACH SIDE IN CARRYING OUT ITS OVERALL ECONOMIC STABILIZATION PROGRAM NOT TO ADOPT MEASURES WHICH WOULD ENCOURAGE EXPORTS ON ONE SIDE OR ENCOURAGE IMPORTS ON THE OTHER SIDE.
- 3. MORE IMPORTANTLY, HERMES STRESSED DISCUSSIONS ON ENERGY COOPERATION WHICH WERE CONDUCTED BETWEEN THE TWO FOREIGN MINISTERS. HERMES TOLD US THE TWO SIDES DID NOT FIND ANY DEFINITE SOLUTION. GERMANS TOLD THE FRENCH THEY ENVISAGED A COMMON ENERGY POLICY TAKING SHAPE WITHIN THE EC BUT THAT EC DOES NOT HAVE ALLEMBRACING COMPETENCE IN THIS FIELD. THE FRENCH WERE TOLD THAT SINCE OTHERS NEED TO BE ASSOCIATED IN ANY COMMON EFFORT IN THE ENERGY FIELD, THERE HAD TO BE COOPERATION WITHIN THE FRAMEWORK WITHIN THE GROUP OF 12. THEREFORE, GERMANS HOPED THAT FRENCH COULD BE INCORPORATED INTO THIS EFFORT.
- 4. HERMES SAID FRENCH DID NOT TAKE ISSUE WITH GERMAN VIEWS. HOWEVER, SAUVAGNARGUES EXPRESSED CONCERN AND IRRITATION OVER DIFFERENT APPROACHES ENVISAGED IN US OIL-SHARING PROPOSAL AS BETWEEN SELECTIVE AND GENERAL EMBARGOES. IN THE CASE OF ANTICIPATED TREATMENT OF GENERAL EMBARGO, FRENCH WERE PERSUADED US WOULD HAVE FAVORED POSITION. FRENCH ALSO CONSIDERED THAT CONSTRAINTS BUILT INTO CONFIDENTIAL

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AUTOMATIC TRIGGER WERE TOO NARROW.

5. HERMES TOLD US FRENCH EXPRESSED A NEED FOR MORE TIME TO WORK OUT A DEFINITIVE POSITION ON ENERGY COOPERATION. KEEPING IN MIND THE FACT THAT ECG FINAL MEETING IS SCHEDULED FOR SEPTEMBER AND DIFFICULTY OF ACHIEVING MUCH DURING FORTHCOMING VACATION PERIOD, GERMANS TOLD FRENCH THERE WAS SOME

TIME BUT NOT VERY MUCH TIME AVAILABLE. HERMES REFERRED GUARDEDLY TO THOUGHT BEING GIVEN AT HIGH LEVEL OF HAVING A SMALL GROUP GET TOGETHER TO HANDLE ECG FOLLOW-UP. IN REPLY TO OUR QUERY HERMES CONFIRMED THAT HE WAS NOT SPEAKING OF A FRANCO-GERMAN GROUP BUT OF A BROADER GROUP WHICH COULD INCLUDE THE FRENCH. AN ECONOMICS MINISTRY SOURCE REPORTED THAT HIS FRENCH COUNTERPART IN THE MINISTRY OF INDUSTRY APPEARS PREPARED TO WORK WITHIN THE GROUP OF 12 BUT THAT THE QUAI IS MORE HESITANT BECAUSE OF ITS FEARS THAT IT MIGHT UPSET THE ECARAB DIALOGUE.

6. ACTION REQUESTED: HERMES ASKED FOR ANY US ARGUMENTATION ON DEALING WITH SAUVAGNARGUES' CONCERN OVER OIL-SHARING AND CONSTRAINTS WHICH MIGHT BE USED BY GERMANS IN FURTHER DISCUSSIONS WITH THE FRENCH. WE WOULD THEREFORE APPRECIATE RECEIVING ANYTHING WE COULD USE TO HELP THE FRG IN THIS REGARD. VASH UNQUOTE KISSINGER

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